



PRESS RELEASE

Attention Business/Financial Editors:

NOVAMERICAN REPORTS 33RD CONSECUTIVE PROFITABLE QUARTER

MONTREAL, April 3, 2006 - Novamerican Steel Inc. (NASDAQ: TONS) announced today its financial results for the first quarter ended February 25, 2006. This was the 33rd consecutive profitable quarter for the Company. (All amounts are in U.S. dollars).

SUMMARY OF FINANCIAL HIGHLIGHTS

(in thousands of U.S. dollars, except per share and tons data)

| | QUARTER ENDED | | |
|--------------------------|-------------------|-------------------|--------------|
| | February 25, 2006 | February 26, 2005 | Change |
| Net sales | \$195,702 | \$206,357 | (\$10,655) |
| Gross margin | 21.6% | 21.0% | 0.6% |
| Net income | \$8,843 | \$10,099 | (\$1,256) |
| Basic income per share | \$0.87 | \$1.03 | (\$0.16) |
| Diluted income per share | \$0.85 | \$0.98 | (\$0.13) |
| | | | |
| Tons sold | 215,868 | 205,762 | 10,106 |
| Tons processed | 236,438 | 242,926 | (6,488) |
| | <u>452,306</u> | <u>448,688</u> | <u>3,618</u> |

FIRST QUARTER RESULTS

Sales for the first quarter of 2006 decreased by \$10.7 million, or 5.2%, to \$195.7 million from \$206.4 million for the first quarter of 2005.

Tons sold and processed in the first quarter of 2006 increased by 3,618, or 0.8%, to 452,306 tons from 448,688 in the first quarter of 2005. While tons sold for the three months ended February 25, 2006 increased by 10,106 tons, or 4.9%, tons processed decreased by 6,488 tons, or 2.7%, compared with the same period in 2005.

The gross margin for the first quarter of 2006 increased to 21.6% from 21.0% for the first quarter of 2005.

Net income for the first quarter of 2006 decreased by \$1.3 million, or 12.4% to, \$8.8 million, or \$0.87 per share (\$0.85 after dilution), versus \$10.1 million, or \$1.03 per share (\$0.98 after dilution), for the first quarter of 2005.

OPERATIONS

The Company's fiscal first quarter volume in terms of tons sold was strong given the seasonal weakness historically experienced in the winter months. CEO D. Bryan Jones commented, "I am pleased with the tons sold in this year's first quarter. This quarter's results were achieved in a stable pricing environment and reflect an increase in output that can be attributed to our Company's organic growth strategy".

OUTLOOK

Demand continues to be strong from many steel consuming industries such as non-residential construction, energy, mining, heavy equipment, railcar manufacturing and infrastructure spending. Management believes steel prices will rise in the second quarter and continue to be strong through July. There appears to be less likelihood of a softening in North American steel prices this summer as global steel prices continue to rise. Import offers for third quarter delivery are less plentiful and prices of those offers have risen significantly. Lead times at the North American steel mills have been extended and availability is limited through June.

COMPANY DESCRIPTION

Novamerican Steel Inc., based in Montreal, Canada with twelve operating locations in Canada and eleven operating locations in the United States, processes and distributes carbon steel, stainless steel and aluminum products, including carbon steel tubing for structural and automotive markets.

FORWARD-LOOKING (SAFE HARBOUR) STATEMENTS

Except for historical information contained herein, the matters set forth in this press release are forward-looking statements that involve risks and uncertainties including, but not limited to, product demand, competition, regulatory approvals, the effect of economic conditions and technological difficulties and other risks detailed in the Company's filings with the U.S. Securities and Exchange Commission.

CONTACTS

For further information: Christopher H. Pickwood, CA, Chief Financial Officer, Novamerican Steel Inc. (514) 368-6403.

Visit us at www.novamerican.com.

Conference call: Tuesday April 4, 2006 at 9:30 a.m. Please call 514-368-6455 for details.

Novamerican Steel Inc. and Subsidiaries - Consolidated Financial Statements
(unaudited)

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| CONSOLIDATED STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME |
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(in accordance with U.S. GAAP, in thousands of U.S. dollars, except per share and tons data)

| | Three months ended | |
|--|----------------------|----------------------|
| | February 25, 2006 | February 26, 2005 |
| | \$ | \$ |
| Net sales | 195,702 | 206,357 |
| Cost of sales | 153,348 | 163,111 |
| Gross margin | 42,354 | 43,246 |
| Operating expenses | | |
| Plant | 11,762 | 10,765 |
| Delivery | 6,335 | 4,729 |
| Selling | 3,480 | 3,587 |
| Administrative and general | 7,315 | 7,408 |
| | 28,892 | 26,489 |
| Operating income | 13,462 | 16,757 |
| Interest expense | 353 | 1,150 |
| Share in income of joint ventures | (189) | (117) |
| | 164 | 1,033 |
| Income before income taxes | 13,298 | 15,724 |
| Income taxes | 4,455 | 5,625 |
| Net income | 8,843 | 10,099 |
| Net income per share | | |
| Basic | 0.87 | 1.03 |
| Diluted | 0.85 | 0.98 |
| Weighted average number of shares outstanding | 10,217,563 | 9,786,089 |
| Comprehensive income | | |
| Net income | 8,843 | 10,099 |
| Changes in cumulative translation adjustment | 3,940 | (4,410) |
| Change in fair value of interest rate swap, net of deferred income taxes | 30 | 167 |
| | 12,813 | 5,856 |
| Tons sold | 215,868 | 205,762 |
| Tons processed | 236,438 | 242,926 |
| | 452,306 | 448,688 |

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|---|
| CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY |
|---|

(in accordance with U.S. GAAP, in thousands of U.S. dollars, except share data)

| | Common Shares | | Retained | Accumulated Other Comprehensive | Total |
|---|-------------------|---------------|----------------|---------------------------------------|-------------------------|
| | Number | Amount | Earnings | Income | Shareholders' Equity |
| | | \$ | \$ | \$ | \$ |
| Balance at November 26, 2005 | 10,156,226 | 34,791 | 221,720 | 20,448 | 276,959 |
| Options exercised | 293,774 | 4,113 | | | 4,113 |
| Net income | | | 8,843 | | 8,843 |
| Changes in cumulative translation adjustment | | | | 3,940 | 3,940 |
| Change in fair value of interest rate swap, net of deferred income taxes | - | - | - | 30 | 30 |
| Balance at February 25, 2006 | <u>10,450,000</u> | <u>38,904</u> | <u>230,563</u> | <u>24,418</u> | <u>293,885</u> |

Novamerican Steel Inc. and Subsidiaries - Consolidated Financial Statements
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CONSOLIDATED STATEMENT OF CASH FLOWS

(in accordance with U.S. GAAP, in thousands of U.S. dollars)

| | Three months ended | |
|---|----------------------|----------------------|
| | February 25, 2006 | February 26, 2005 |
| | \$ | \$ |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net income | 8,843 | 10,099 |
| Adjustments to reconcile net income to net cash from (used for) operating activities | | |
| Depreciation and amortization | 2,529 | 2,335 |
| Share in income of joint ventures | (189) | (117) |
| Deferred income taxes | (516) | (241) |
| Loss on disposal of property, plant and equipment | - | - |
| Changes in working capital items | | |
| Accounts receivable | 10,122 | (2,738) |
| Income taxes receivable | 2,361 | - |
| Inventories | (15,311) | (24,282) |
| Prepaid expenses and other | (1,575) | 120 |
| Accounts payable and accrued liabilities | (9,823) | (7,549) |
| Income taxes payable | (1,004) | (13,747) |
| Net cash used for operating activities | (4,563) | (36,120) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Short term investment | 17,305 | |
| Acquisition of minority interest | - | (204) |
| Distribution from a joint venture | 260 | - |
| Additions to property, plant and equipment | (4,881) | (1,633) |
| Proceeds from disposal of property, plant and equipment | - | 5 |
| Other assets | (36) | - |
| Net cash from (used for) investing activities | 12,648 | (1,832) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Net increase (decrease) in bank indebtedness | (342) | 25,382 |
| Issue of common shares | 4,113 | |
| Advance to an employee | - | 420 |
| Proceeds from long-term debt | - | 6,282 |
| Repayment on long-term debt | (108) | (1,326) |
| Net cash from financing activities | 3,663 | 30,758 |
| Effect of exchange rate changes on cash and cash equivalents | 742 | (260) |
| Net increase (decrease) in cash and cash equivalents | 12,490 | (7,454) |
| Cash and cash equivalents, beginning of period | 47,805 | 11,462 |
| Cash and cash equivalents, end of period | 60,295 | 4,008 |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION | | |
| Interest paid | 872 | 654 |
| Income taxes paid | 3,285 | 16,951 |

Novamerican Steel Inc. and Subsidiaries - Consolidated Financial Statements
(unaudited)

CONSOLIDATED BALANCE SHEETS

(in accordance with U.S. GAAP, in thousands of U.S. dollars)

| | February 25, 2006 | February 26, 2005 | November 26, 2005 |
|--|----------------------|----------------------|----------------------|
| | <i>unaudited</i> | <i>unaudited</i> | <i>audited</i> |
| | \$ | \$ | \$ |
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 60,295 | 4,008 | 47,805 |
| Accounts receivable | 114,757 | 125,657 | 140,053 |
| Income taxes receivable | 347 | - | 2,778 |
| Inventories | 144,557 | 193,782 | 127,316 |
| Prepaid expenses and other | 3,051 | 676 | 1,441 |
| Deferred income taxes | 1,816 | 1,391 | 1,815 |
| | 324,823 | 325,514 | 321,208 |
| Investment in joint ventures | 2,066 | 2,380 | 2,137 |
| Property, plant and equipment | 106,482 | 104,122 | 102,794 |
| Goodwill | 12,994 | 12,992 | 12,994 |
| Deferred income taxes | 1,875 | - | 1,767 |
| Other assets | 672 | 892 | 683 |
| | <u>448,912</u> | <u>445,900</u> | <u>441,583</u> |
| LIABILITIES | | | |
| Current liabilities | | | |
| Current portion of long-term debt | 3,089 | 4,221 | 3,078 |
| Bank indebtedness | 2,398 | 28,642 | 2,676 |
| Accounts payable and accrued liabilities | 91,780 | 94,276 | 99,713 |
| Income taxes payable | - | 5,706 | 998 |
| Deferred income taxes | 35 | - | 338 |
| | 97,302 | 132,845 | 106,803 |
| Long-term debt | 41,764 | 62,090 | 41,782 |
| Fair value of interest rate swap | 20 | 457 | 71 |
| Deferred income taxes | 15,941 | 13,944 | 15,968 |
| | <u>155,027</u> | <u>209,336</u> | <u>164,624</u> |
| SHAREHOLDERS' EQUITY | | | |
| Share capital | 38,904 | 29,609 | 34,791 |
| Retained earnings | 230,563 | 194,881 | 221,720 |
| Accumulated other comprehensive income | 24,418 | 12,074 | 20,448 |
| | <u>293,885</u> | <u>236,564</u> | <u>276,959</u> |
| | <u>448,912</u> | <u>445,900</u> | <u>441,583</u> |